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10
11 UNITED STATES BANKRUPTCY COURT
12 FOR THE DISTRICT OF NEVADA
13

14 * * * * *

15 IN RE:

16 BRISTLECONE, INC. DBA
17 BRISTLECONE HOLDINGS,
18 _____/

19 BOONFI LLC,
20 _____/

21 BRISTLECONE LENDING, LLC,
22 _____/

23 BRISTLECONE SPV I, LLC
24 _____/

25 I DO LENDING, LLC
26 _____/

27 MEDLY, LLC
28 _____/

ONE ROAD LENDING, LLC
_____/

WAGS LENDING, LLC

Debtors.
_____/

Case No. 17-50472-btb
Case No. 17-50473-btb
Case No. 17-50474-btb
Case No. 17-50475-btb
Case No. 17-50476-btb
Case No. 17-50478-btb
Case No. 17-50479-btb
Case No. 17-50480-btb
(Joint Administration Request Pending)

(Chapter 11)

**DECLARATION OF B. KYLE
FERGUSON IN SUPPORT OF
EMERGENCY MOTION FOR ORDER
AUTHORIZING MAINTENANCE OF
PREPETITION BANK ACCOUNTS
AND FOR APPROVAL OF
INTERCOMPANY CASH
MANAGEMENT SYSTEM**

Hearing Date: OST Pending
Hearing Time: OST Pending
Est. Time: 15 minutes
Set by: Judge Beesley

1 I, B. Kyle Ferguson, hereby declare as follows:

2 1. I am over the age of 18 and am mentally competent. Except as otherwise
3 indicated, all facts set forth in this Declaration are based upon my personal knowledge of the
4 Debtors, information learned from my review of relevant documents and information supplied
5 to me by other members of Debtors' management and various business and legal advisors.

6 2. I am the duly appointed President and CEO of BRISTLECONE, INC., dba
7 BRISTLECONE HOLDINGS ("Bristlecone"). The other seven (7) related Debtors are wholly
8 owned subsidiaries of Bristlecone.

9 3. I have read the EMERGENCY MOTION FOR ORDER AUTHORIZING
10 MAINTENANCE OF PREPETITION BANK ACCOUNTS AND FOR APPROVAL OF
11 INTERCOMPANY CASH MANAGEMENT SYSTEM ("Motion") and attest that the contents
12 therein, including exhibits, are true and correct to the best of my knowledge, information and
13 belief.

14 4. As can be seen from the attached Exhibit "A" to the Motion, the Debtors seek to
15 maintain their prepetition Bank Accounts and intercompany cash management system, as it
16 would be extremely burdensome and disruptive to the Debtors' ongoing business operations to
17 close these accounts and open new Debtor-in-Possession accounts. As the representative of the
18 Debtors, I believe in my best business judgment that it is in the best interest of these estates and
19 creditors to maintain the Bank Accounts as they existed prepetition.

20 5. Following is a summary to explain the Debtors' typical pre-petition use of their
21 Bank Accounts and the intercompany transfers that occur on a regular basis to maintain ongoing
22 business operations:

23 Daily:

24 For daily payments to retailers to fund customer leasing contracts, Debtors must ensure
25 that each entity's account is sufficiently funded to cover the outgoing ACH payments to
26 retailers. On a typical day, Debtors receive incoming ACH's from their servicer, Monterey
27 Financial, for contracts that Monterey Financial has purchased from the Debtors. These
28 incoming ACH's fund the following Wells Fargo accounts daily:

1 *****5780 One Road
 2 *****6753 WAGS
 3 *****5553 I DO
 4 *****4643 Bristlecone Financing
 5 *****0394 Boon LLC

6 If any given entity/product-specific account does not have sufficient funds for the day's
 7 outgoing ACH's, intercompany transfers between any of the other accounts above cover the
 8 deficit.

9 Weekly:

10 For weekly entity-wide or overhead Accounts Payable/Check Run, Debtors submit
 11 payments by Friday each week. Thus, the funds must be available in the main Bristlecone
 12 account by Thursday each week via intercompany transfers from the other entity/product-
 13 specific accounts. The main account that needs to be funded for entity-wide or overhead
 14 Accounts Payable is the main Bristlecone account with the following Wells Fargo account
 15 number:

16 *****4635 Bristlecone Holdings

17 This main account receives intercompany transfers from the Wells Fargo accounts with the
 18 following numbers:

19 *****5780 One Road
 20 *****6753 WAGS
 21 *****5553 I DO
 22 *****4643 Bristlecone Financing
 23 *****0394 Boon LLC

24 The Debtors must also pay commissions to their sales account managers as part of the weekly
 25 Accounts Payable/Check Run processing. As these sales account managers perform work based
 26 on product lines that they support, the Debtors pay commissions out of the entity/product-
 27 specific accounts. These accounts are as listed below:

28 *****5780 One Road

*****6753 WAGS

*****5553 I DO

*****4643 Bristlecone Financing

*****0394 Boon LLC

Another item due on a weekly basis each Wednesday is a wire to FRS BC as assignee to Princeton Alternative Funding. Typically, on Tuesday each week, the Debtors receive an incoming wire from the servicer Monterey, with a payout of servicing income received since the last payout. This wire is received into the SPV1 - Incoming account. The outgoing wire to FRS BC is paid out of the SPV1 – Outgoing. The Debtors ensure that the SPV1 – Outgoing account is funded by Tuesday each week via an intercompany transfer from the SPV1 – Incoming account. The applicable Wells Fargo account numbers are as follows:

*****2732 SPV1 - Outgoing

*****2757 SPV1 - Incoming

Bi-weekly:

Every other week, the Debtors must fund Payroll for employees. The Payroll direct deposit is due to each employee on Friday of the Payroll week or the last business day of the week if there is a holiday. During a Payroll week, the Debtors' Human Resources/Payroll provider, TriNet, deducts the funds needed for Payroll from the main Bristlecone Holdings account. This deduction occurs on either Thursday or the day before TriNet direct deposits funds into employee accounts, whichever is earlier. So, Debtors must ensure that the main Bristlecone Holdings account has sufficient funding by Wednesday. The Wells Fargo account used to fund Payroll is below:

*****4635 Bristlecone Holdings

If the main Bristlecone Holdings account does not have sufficient funds for the bi-weekly Payroll, intercompany transfers from the entity/product-specific accounts to the main Bristlecone Holdings account covers the deficit. The Wells Fargo account numbers used for the intercompany transfers to cover Payroll are:

*****5780 One Road

*****6753 WAGS

*****5553 I DO

*****4643 Bristlecone Financing

*****0394 Boon LLC

Monthly:

Wells Fargo charges bank fees to any given account around the 12th of each month. Typically, intercompany transfers occur from the main Bristlecone Holdings *****4635 Wells Fargo account to cover bank fees charged to any other Wells Fargo account. For any account without sufficient funds to cover the bank fees, the Debtors utilize intercompany transfers between any of the Wells Fargo accounts below:

*****5780 One Road

*****6753 WAGS

*****5553 I DO

*****4635 Bristlecone Holdings

*****4643 Bristlecone Financing

*****6810 Bristlecone Inc. - Checking

*****2732 SPV1 - Outgoing

*****2757 SPV1 - Incoming

*****0394 Boon LLC

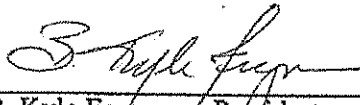
6. For post-petition reporting purposes, the Debtors will carefully track in their individual cash transaction ledgers and financial statements all incoming and outgoing cash, including intercompany transfers.

7. In order to avoid possible irreparable harm to the continuing business operations of the Debtors, it is imperative that the Debtors have a seamless continued use of their existing pre-petition Bank Accounts. Interruption in the payment and honoring of ACH Debits will result in the loss of customers and revenues which will be detrimental to the Debtors' Chapter 11 reorganization process.

I declare under penalty of perjury that the foregoing is true and correct to the best of my

1 knowledge and belief.

2 Dated this 21 day of April, 2017.

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5 B. Kyle Ferguson, President
6 Bristlecone, Inc. dba Bristlecone Holdings
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